



Glenda Ritz, NBCT  
Indiana Superintendent of Public Instruction

## Choice Scholarship Program Income Verification FAQ 2016-2017 School Year

**This FAQ is designed to accompany the *Choice Scholarship Program Income Verification Rules*. If you have not already read the income verification rules please read those prior to reading this FAQ.**

**1. To qualify for a Choice Scholarship, does the household income have to meet certain guidelines?**

Yes, a student must be a member of a household with an annual income less than the income limits. The household income guidelines are available at [www.doe.in.gov/choice](http://www.doe.in.gov/choice).

**2. Who verifies household income and when?**

Schools are responsible for verifying a student's household income at the time the application is submitted. Copies of all documentation used to verify income eligibility must be kept on file at the school after the application has been submitted. Under no circumstances, should the school submit an application without verifying the household's total income.

**3. When is the total household size determined?**

The total household size reported on Choice Scholarship Application is the total household size at the time of application.

**4. How should a school proceed if the household size reported on a 2015 Federal Tax Return is inaccurate?**

The school must collect the 2015 Federal Tax Return and have the parent/guardian complete the *Household Size Verification Form*. The parent/guardian must indicate on the *Household Size Verification Form* why the household size reported on the tax return is no longer accurate.

**5. If a parent is pregnant at the time of application should the unborn baby be included in the household size?**

No, the total household size reported on the application is the total household size at the time of application. If the baby is born prior to the September 1, 2016 application deadline, the parent may submit or resubmit the student's Choice Application and include the baby in the household size count.

**6. What will happen if the wrong income or household size is entered on a student's application?**

Inaccurately reporting income on a student's application may result in a reduction or forfeiture of the student's Choice Scholarship Award.

**7. Are one-time distributions from IRA, 401k, pension or annuity accounts included in the total household income?**

Yes, any distribution from an IRA, 401k, pension or annuity account that occurred in 2015 should be included in the total household income reported on a student's application for the 2016-2017 school year.

**8. Is overtime pay included in the total household income?**

Yes, all earnings and payment for work, including overtime pay, should be included in the total household income.

**9. Can medical and other recurring expenses be deducted from the total household income?**

No, for the purposes of Choice Scholarship Program eligibility, medical and other recurring expenses cannot be deducted from the household income calculated in accordance with the *Choice Scholarship Program Income Verification Rules*.

**10. The head of the household has informed the school that he or she has no documentation to verify income. How should the school proceed?**

In instances where the head of household can provide no documentation, the school should have a parent/guardian complete the *Income Verification Form*. On the *Income Verification Form* the parent/guardian would select other as the form of documentation and provide a detailed explanation in the space provided. The school should ask the parent/guardian how they are meeting their everyday expenses (housing, food, phone bill, etc) if they have no documented income.

**11. A parent/guardian comes to apply but forgets to bring the necessary documentation to prove the household income. What should the school do?**

The student will not be able to apply for a Choice Scholarship without providing the school the required income verification documentation. Under no circumstances, may the school enter the student's application without having the required income documentation.

**12. A parent/guardian comes to apply and informs the school that he or she did not file a 2015 Federal Tax Return, but has their 2015 W-2 and an Unemployment Compensation Statement. How should the school proceed?**

The school should collect the W-2 and Unemployment Compensation Statement, and then have the parent/guardian complete the *Income Verification Form*. The total household income reported on the *Income Verification Form* would be the sum of the amount from the *Income Calculation Worksheet*, which would include the amount reported on the W-2, the Unemployment Compensation amount, and any other income. The parent/guardian must indicate on the *Income Verification Form* why the 2015 Federal Tax Return is unavailable.

**13. When is the prior year tax return or other required income documentation provided by the household no longer an accurate picture of household income for purposes of the Choice Scholarship Program?**

If an event has occurred that has caused a significant involuntary decrease in the expected amount of income to be earned in the current year (2016) compared to the previous year (2015), the total household income reported on the application would be the prior year's income minus the income that is expected to be lost due to the event plus any income that will be received because of the event. The school must have the parent/guardian complete the *Income Verification Form*, provide documentation of the prior year's income, documentation of the event that occurred that caused the change in income, and documentation of any current income that resulted from the event.

**14. What type of events would be considered to cause a significant involuntary decrease in the expected amount of income to be earned in the current year?**

The following changes in circumstances are currently recognized by the Department as events that would render the prior year tax return no longer accurate:

- Involuntary job loss
- Involuntary reduction in hours
- Death of a household member
- Separation/divorce of the parents/guardians.

Please contact Department of Education staff at [choiceschool@doe.in.gov](mailto:choiceschool@doe.in.gov) for guidance if you believe you have a situation that should be considered, but is not currently recognized.

**15. May anticipated changes in household income (anticipated loss of overtime, anticipated loss of commissions or bonus, etc. . .) be reflected in the total household income reported on the Choice Scholarship Application?**

No, the event that causes a significant involuntary decrease in the expected amount of current year income must be an event which has already occurred by the time of application. The reported household income cannot be adjusted based on the uncertainty of future circumstances. For example, money received in the form of a bonus in 2015, must be reported even though it is uncertain if the parent/guardian will receive the same bonus in 2016.